



Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service
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Permanent Normal Trade Relations with China **What's at Stake for Washington?**

Washington is a major producer and exporter of agricultural, forest, and fishery products. In 1998, the state's total cash receipts from farming reached \$5.2 billion. Wood product shipments totaled \$6 billion in 1996, and commercial fish landings were \$123 million in 1998. As for exports, Washington ranked eighth among all 50 states, with the value of agricultural products leaving the state estimated at \$1.7 billion in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

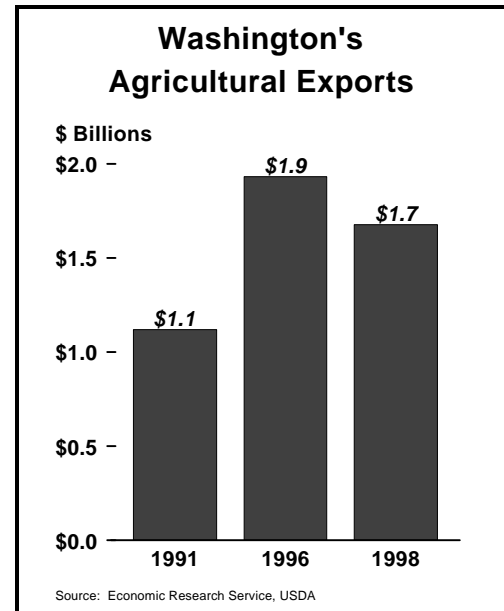
Trade Benefits

The following key products are important to Washington, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

Fruits—In addition to apples and wine, Washington is a major producer of many cool climate fruits, and its fresh and processed fruit exports worldwide were estimated at \$469 million in 1998. Under its WTO accession agreement, China will reduce tariffs by up to 75 percent for fresh and processed deciduous fruit. Tariffs on apples, pears, cherries, and jams and jellies will fall from 30 percent to 10 percent; tariffs on plums will fall from 40 percent to 10 percent; and the tariff on wine will fall from 65 percent to 20 percent.

Vegetables—As an important grower of many vegetables including potatoes, Washington's fresh and processed vegetable exports worldwide were estimated at \$457 million in 1998. Under its WTO accession agreement, China's tariffs on vegetables will drop up to 60 percent, depending on the product, by 2004. For example, existing tariffs of 16 percent on lettuce and 13 percent on broccoli, celery, frozen sweet corn, and mixed vegetables will fall to 10 percent. Tariffs on canned tomato paste will fall from 25 percent to 20 percent. Deeper cuts are planned for canned sweet corn and tomato ketchup. Tariffs on these products, now set at 25 percent and 30 percent, will fall to 10 percent and 15 percent, respectively.

Wheat—As a major wheat grower, Washington's wheat and product exports worldwide were estimated at \$275 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on wheat will be initially set at 7.3 million metric tons and grow to 9.6 million metric tons by 2004. As a result of the 1999 U.S.-China



bilateral agreement, China also agreed to import wheat and other grains from the Pacific Northwest. In 1998, China imported less than 2 million metric tons of wheat from all countries.

Solid Wood Products--Washington has the third largest lumber industry in the nation. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.